Sources of Growth in Real Output in the Private Nonfarm Business Sector, 1987-2004

This table shows how changes in multifactor productivity and the inputs used in production contribute to the change in real output in the private non-farm business sector. The contribution of labor input reflects both the contribution of changes in hours worked by all persons and changes in the labor composition (education, work experience, and gender) of workers to the growth rate of output. The contribution of capital input reflects both the contribution of changes in service flows derived from the stock of physical assets and software and changes in capital composition (the difference between the growth rate of capital services and the growth rate of capital stock) to the growth rate of output. Multifactor productivity reflects the contributions of unmeasured sources of growth after taking into account the growth in labor and capital inputs.

	Percent change at annual rate			
	1987-90	1990-95	1995-2000	2000-04
Real Output	3.2	2.9	4.8	2.6
Total Factor Input[1]	2.7	2.3	3.5	0.7
Contributions of:				
Labor Input[2]	1.6	1.3	1.7	-0.2
Hours[3]	1.2	0.9	1.5	-0.7
Employment[4]	1.4	0.8	1.5	-0.3
Work Week[5]	-0.2	0.0	0.0	-0.4
Composition[6]	0.4	0.4	0.3	0.5
Capital Input[7]	1.1	1.0	1.8	0.9
Stock[8]	0.8	0.6	1.0	0.6
Composition[9]	0.3	0.4	0.8	0.2
Multifactor Productivity[10]	0.5	0.6	1.2	1.9
R&D	0.2	0.2	0.2	0.3
Other	0.3	0.4	1.0	1.6

Data are based on results discussed in Multifactor Productivity Trends, March 23, 2006, www.bls.gov/news.release/pdf/prod3.pdf.

Note: Multifactor productivity growth plus the growth of total factor input may not sum to output due to independent rounding. Contribution of hours and labor contribution may not sum to contribution of labor input due to independent rounding. Contribution of capital stock and capital composition may not sum to contribution of capital input due to independent rounding.

[1] Excludes government enterprises
[2] Tornqvist aggregate of capital and labor input using cost shares of labor and capital as weights
[3] Growth rate of hours worked of all persons multiplied by labor's share of current dollar costs
[4] Growth rate of employment multiplied by labor's share of current dollar costs
[5] Growth rate of work week (hours worked divided by employment) multiplied by labor's share of current dollar costs
[6] Growth rate of labor composition (the growth rate of labor input less the growth rate of hours worked multiplied by labor's share of current dollar costs
[7] Growth rate of capital services multiplied by capital's share of current dollar costs
[8] Growth rate of productive capital stock multiplied by capital's share of current dollar costs
[9] Growth rate of capital composition (the growth rate of capital services less the growth rate of capital stock) multiplied by capital's share of current dollar costs.
[10] Output per unit of combined labor and capital inputs

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